

**STATE PETROLEUM BOARD MEETING TO REVIEW CLAIMS
BOARD MEETING MINUTES
September 7, 2006**

Note: Copies of the recorded meeting on CD can be obtained from Ms. Victoria Joncas, NDEP, 901 South Stewart Street, Carson City, Nevada 89701 or by calling (775) 687-9367.

I. CALL TO ORDER

Chairman Bowman called the meeting to order from the Carson City location at 10:02 a.m. The meeting was conducted via videoconference with locations in Las Vegas at the Grant Sawyer Building, 555 East Washington Avenue, and in Carson City at the Legislative Counsel Bureau Chambers at the State Legislative Building, 401 South Carson Street, Room 2135.

Chairman Bowman introduced Mr. James Wright, the new Board member and the Representative from the State Fire Marshal's office. This is Mr. Wright's second week on the job as the new State Fire Marshal, and his first Petroleum Board meeting.

Also, Mr. Mike Miller, one of our long time Board members, will be retiring; today will be his last Petroleum Board meeting.

A. BOARD MEMBERS ABSENT WERE: Mr. John Haycock

II. APPROVAL OF THE AGENDA

Mr. Cerruti advised Board members there were no changes to the Agenda.

Ms. Blystone moved to approve the Agenda. Mr. Miller seconded. Motion carried unanimously.

III. APPROVAL OF THE JUNE 20, 2006 MINUTES

Ms. Blystone moved to approve the Minutes. Mr. Miller seconded the Motion. Motion carried unanimously.

A. BOARD MEMBERS PRESENT - None

Others present in Las Vegas were, Mr. David Newton from the State Attorney General's office; Ms. Shannon Harbour of the Nevada Division of Environmental Protection (NDEP); representatives from ATC Associates Inc. Mr. Lawrence Banks and Mr. Rex Heppe; from SECOR Int., Inc., Mr. Matt Grandjean; and from Broadbent and Associates, Mr. Kirk Stowers.

B. BOARD MEMBERS PRESENT - Present in Carson City were, Ms. Linda Bowman (Chairman); Mr. Mike Miller; Mr. Edgar Roberts; Mr. Leo Drozdoff; Ms. JoAnne Blystone; and Mr. James Wright. Ms. Bowman chaired the meeting in Mr. Haycock's absence.

Others present in Carson City from NDEP were Mr. Gil Cerruti; Mr. Steve Fischenich; Mr. Hayden Bridwell; Mr. Tom Porta, Deputy Administrator; Mr. Art Gravenstein; and Ms. Victoria Joncas; and a representative from Broadbent & Associates Inc., Mr. Lee Williams.

IV. STATUS OF THE FUND

Mr. Cerruti reported that fiscal year 2006 has not been totally closed out. Therefore the revenue for the month of July, 2006 is not included in the reported Fund balance. The balance in the Fund available for reimbursement today is slightly over \$4,000,000. Staff is recommending reimbursement of approximately \$940,000.

Chairman Bowman requested clarification of when the invoices for the tank fees are mailed.

Mr. Cerruti replied that all the invoices went out the end of August 2006. The tank fee fiscal year starts October 1, 2006

Mr. Cerruti stated that a report on the tank fees will be provided later in the meeting during the Executive Summary.

V. EQUIPMENT TRANSFER / SALES

A. Resolution No. 2006-11 to Authorize the Sale/Transfer of Equipment Ownership from ARCO Station #399, to Allied Washoe, Petroleum Fund Case No. 1994000003.

Mr. Cerruti explained that this is a resolution to transfer a VOC Abatement Unit that was originally purchased to service the ARCO Station #399 back in 2001. It has been in operation since that time and has now been transferred to the Allied Washoe facility.

In accordance with the resolution, the equipment has been depreciated to 10% of its cost, which reduces the value down to \$5,500. With transfer of this equipment, the ARCO site will be credited for the remaining balance of \$5,500, and the Allied Washoe Site will be debited \$5,500.

Ms. Blystone moved to adopt Agenda Item No. V.A., Mr. Roberts seconded the Motion. Discussion followed.

Chairman Bowman indicated she represents Allied Washoe on certain matters; therefore she will abstain from voting on this particular matter.

Motion carried unanimously with Chairman Bowman abstaining from Item No. V.A.

VI. DETERMINATION OF FUND ELIGIBILITY / COVERAGE

A. Resolution No. 2006-12 to Waive the 12 Month Final Claim Submittal Deadline for the Former Shell Station located at 2470 E. 2nd St., in Reno.

Mr. Cerruti explained the reason for this resolution. He stated that this is a resolution to waive the requirement to submit the final claim within 12 months of closure of the clean up site, as required in NRS 590.780. Shell Oil Products was very attentive to the clean up. They completed the clean up very rapidly. However, they were remiss in submitting their last claim.

NDEP's recommendation is to waive the 12 month final claim submittal deadline, because there was no delay in the remediation.

If the Board adopts this resolution, this will result in the Former Shell Station receiving a payment of \$5,287 for their last claim.

Chairman Bowman entertained a Motion for Resolution No. 2006-12. Ms. Blystone moved for adoption. Mr. Roberts seconded the Motion. Discussion followed.

Mr. Cerruti clarified that there was a typographical error in the resolution, one of the recommendations reads "Adoption of Resolution # 2006-04", but should read # 2006-12.

Chairman Bowman asked: "if that was on the agenda and not the resolution?"

Mr. Cerruti indicated, "it's the discussion part of the resolution."

Chairman Bowman asked, "so the resolution itself is correct?"

Mr. Cerruti stated, "Yes."

Motion carried unanimously.

B. Resolution No. 2006-13, to Reduce Coverage to the 7-Eleven #26994 at 903 N. Pecos Rd., Las Vegas, NV.

Mr. Fischenich presented this resolution to the Board. He stated that there were two issues relating to this matter. First there was a failure to report a release within 24 hours. The second is operating an Underground Storage Tank (UST) system with a known release.

The site includes three USTs, one of which failed a Continuous Statistical Leak Detection test on August 15, 2005. On August 22, 2005 the UST failed a precision tightness test. This release was not reported to NDEP within 24 hours, a violation of the Code of Federal Regulations, 40 CFR §280.50. After the leak was confirmed by the tightness test on August 22, 2005, the UST received additional fuel shipments, and was not taken out of service until September 23, 2005. The UST operated for 31 days after it was determined that a leak exists, in violation of 40 CFR §280.61. One and a half months later, on November 16, 2005 during a site investigation, hydrocarbon constituents were detected in groundwater at the site above State Action Levels.

Board Resolution No. 94-23 requires NDEP staff to recommend reductions to the Board pursuant to noncompliance with federal UST and Leaking Underground Storage Tank (LUST) regulations. The Resolution requires staff to recommend a 40% reduction for noncompliance with 40 CFR §280.50, (24 hour release reporting) and a 40% reduction for noncompliance with 40 CFR §280.61 (failure to take immediate action to prevent any further release).

However, Resolution No. 94-23 only allows NDEP to recommend a reimbursement reduction for the largest percentage allowed with any single non-compliance determination. Therefore, NDEP staff is recommending to the Board a 40% reduction for failure to comply with Federal regulations, pursuant to Resolution No. 94-23.

In conclusion, NDEP staff's formal recommendation to the Board is the adoption of Resolution No. 2006-13 as proposed, granting Fund coverage to the subject site with a reduction of 40%, in addition to the 10% co-payment. Mr. Fischenich stated that it was his understanding that 7-Eleven does not wish to contest this resolution.

Chairman Bowman requested if Mr. Fischenich knew of an exacerbation of this situation by virtue of their continuing to operate.

Mr. Fischenich replied that while it was possible, it was not known if continuing to operate exacerbated the situation. He didn't know one way or another but that it was possible."

Chairman Bowman asked if the tank was removed.

Mr. Fischenich indicated “no, it was abandoned in place.”

Chairman Bowman entertained a Motion. Ms. Blystone moved for adoption of Resolution No. 2006-13. Mr. Wright seconded the Motion. Resolution carried unanimously.

VII. ADOPTION OF CONSENT ITEMS

Mr. Cerruti stated he would like to make a change in the Consent Items, Item No. 56 under Old Cases which is listed as a non-consent item and should be changed to a consent item per the Boards approval of Resolution No. 2006-12.

STATE BOARD TO REVIEW CLAIMS SEPTEMBER 7, 2006

HEATING OIL:A

- | | | |
|----|-------------|--|
| 1 | 1992000102H | Lyon Co. School District: Yerington Elementary |
| 2. | 2006000001H | Elko Co. School District: Former Elko Co. Hospital |
| 3. | 2006000004H | City of Reno: Reno Ice Rink Plaza |
| 4. | 2006000006H | Eldorado Resorts: Eldorado Hotel Casino |
| 5. | 2006000014H | David Sinai: Sinai Property |
| 6. | 2006000021H | Andrea Nichols: Nichols Property |

NEW CASES, OTHER PRODUCTS:B

- | | | |
|----|------------|---|
| 1. | 1999000115 | Shell Oil Products, USA: Former Zephyr Cove Shell |
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OLD CASES:C

- | | | |
|----|------------|--|
| 1. | 1992000014 | BP West Coast Products LLC: ARCO #6068 |
| 2. | 1992000034 | PDQ Stores, Inc.: PDQ #508 |
| 3. | 1992000087 | Anderson Dairy, Inc.: Anderson Dairy |
| 4. | 1993000010 | 7-Eleven, Inc.: 7-Eleven #20687 |
| 5. | 1993000047 | Rebel Oil Company: Former Joe's Auto |
| 6. | 1993000051 | BP West Coast Products LLC: ARCO #4950 |

OLD CASES:CONTINUED

7.	1993000102	Rebel Oil Company: Rebel #8
8.	1993000103	Russell Yardley: Charlie Brown Construction
9.	1993000114	Linda Hansen: Zintek Properties
10.	1994000003	Allied Washoe: Allied Petroleum - Reno
11.	1994000027	7-Eleven, Inc.: 7-Eleven #19653
12.	1994000028	7-Eleven, Inc.: 7-Eleven #20084
13.	1994000029	7-Eleven, Inc.: 7-Eleven #20826
14.	1994000065	Avis Rent A Car Systems: Avis Rent A Car
15.	1994000086	Falconi Motors, Inc.: Falconi's Tropicana Honda
16.	1994000120	Conoco Phillips Company: Union 76 #3846
17.	1994000122	Gary Michelson: Mike's Gas-A-Mart
18.	1994000125	Conoco Phillips Company: Union 76 #5558
19.	1995000022	Conoco Phillips Company: Union 76 #4370
20.	1995000028	Gita Corporation: Gita Corporation Facility
21.	1995000029	BP West Coast Products LLC: ARCO #1903
22.	1995000042	FBF, Inc.: Fayeghi Texaco
23.	1995000074	Vera Hester: Glendale Service Facility
24.	1995000105	Redman Petroleum Corp.: Redman Petroleum
25.	1996000026	Moapa Valley Credit Union: Former Russ Auto
26.	1996000063	Joan Pennachio: V&V Automotive
27.	1996000064	H&A Esslinger Trust: Red Rock Mini Mart
28.	1996000101	Conoco Phillips Company: Circle K #695
29.	1997000008	Ewing Brothers, Inc.: Ewing Brothers, Inc.
30.	1997000024	BP West Coast Products LLC: ARCO #399
31.	1997000093	Conoco Phillips Company: Union 76 #5257
32.	1998000014	Berry-Hinckley Industries: Berry-Hinckley #26
33.	1998000016	Conoco Phillips Company: Circle K #1366
34.	1998000025	Washoe Co. School Dist.: Getto Transportation
35.	1998000053	7-Eleven, Inc.: 7-Eleven #27361
36.	1998000059	7-Eleven, Inc.: 7-Eleven #29661
37.	1998000068	Conoco Phillips Company: Conoco #28003
38.	1998000080	Seven Crown Resorts: Echo Bay Resort
39.	1999000008	7-Eleven, Inc.: 7-Eleven #23129
40.	1999000012	BP West Coast Products LLC: ARCO #5319
41.	1999000017	Reed Distributing: Reed R-Place Shell
42.	1999000048	The Cowan Estate: Former Lightning Lube
43.	1999000061	Rich Sorani: Former Rich's Unocal
44.	1999000066	Haycock Petroleum Company: Haycock Petroleum
45.	1999000089	Jerry Maeder: Jerry's Shell

OLD CASES: CONTINUED

46.	1999000090	Haycock Petroleum Company: Haycock Petroleum
47.	1999000108	Gold Ranch Casino: Gold Ranch Casino
48.	1999000117	Berry-Hinckley Industries: Berry-Hinckley #45
49.	1999000145	Jerry Appelhans: Gagne Coach Maintenance
50.	1999000155	Varney Padgett: Old Washoe Station
51.	1999000167	City of Las Vegas: Fire Station #1
52.	1999000182	Berry-Hinckley Industries: W. Mountain Oil #200
53.	1999000186	Gloria Pilger: Former D&G Oil Facility
54.	1999000199	Mary Ann Ferguson: Lakeshore Orbit Station
55.	1999000204	Berry-Hinckley Industries: Trailside General Store
56.	1999000212	Shell Oil Products, USA: Glendale Shell Oil Station
57.	1999000220	7-Eleven, Inc.: 7-Eleven #22854
58.	1999000224	BP West Coast Products LLC: ARCO #5326
59.	1999000237	Ralph Lisle: Beatty General Store
60.	1999000239	Callville Bay Marina: Callville Bay Marina
61.	1999000248	Southern Wine & Spirits of Nevada
62.	1999000252	Berry-Hinckley Industries: Winner's Corner #14
63.	1999000257	University of Nevada: Newlands Agriculture
64.	1999000273	V.K. Leavitt: The Waterhole
65.	1999000275	Conoco Phillips Company: Circle K #1248
66.	1999000276	Robert Harris: Pecos Station Texaco
67.	2004000014	BP West Coast Products LLC: ARCO #437
68.	2004000027	BP West Coast Products LLC: ARCO #5309
69.	2004000029	V-R Property Management: Gas-N-Save
70.	2004000035	Seven Crown Resorts: Echo Bay Marina
71.	2005000002	Carson Valley Oil Co., Inc.: Carson Valley Oil
72.	2005000004	7-Eleven, Inc.: 7-Eleven #21285
73.	2005000018	BP West Coast Products LLC: ARCO #1718
74.	2005000021	Berry-Hinckley Industries: Berry-Hinckley #95
75.	2005000039	Time Oil Company: Taylor Street Market
76.	2005000044	Ewing Brothers, Inc.: Ewing Brothers
77.	2006000005	Con-Way Freight: Con-Way Western Express

Chairman Bowman asked, "Is there a Motion to approve the Consent Items.

Ms. Blystone moved for approval of Item No. VII, Heating Oil, A, New Cases/Other Products, B, Old Cases, C, 1 through 77 to include Item No. 56 as a Consent Item. Discussion followed.

Chairman Bowman stated Item No. 56 Old Cases, Shell Oil Products claim for the Glendale Shell Oil Station, Case No. 1999000212, was added to the consent items.

Chairman Bowman disclosed under Old Cases, Item No. C, 10 Allied Washoe, and Item No. 14 Avis Rent A Car Systems; she has represented some parties in the area of those particular cases and will abstain from voting on those two items.

Mr. Drozdoff seconded the Motion. Motion carried unanimously with Chairman Bowman abstaining from Old Cases, Items No. C, 10 and 14.

VIII. REVIEW OF NON-CONSENT ITEMS

There were no non-consent items to review.

IX. EXECUTIVE SUMMARY

Mr. Cerruti reported the status of the Fund for fiscal year 2007 which began July 1, 2006. 3 new cases have been received for evaluation of Petroleum Fund coverage. Since inception of the program, 1,277 cases have been evaluated for reimbursement. Currently, there are 147 active remediation sites expected to continue with requests for reimbursement. Of the total cases: 955 cases have been closed; 102 cases have been denied coverage; 41 cases have expired and 32 cases are currently in a pending status, awaiting either submittal of information or staff evaluation for coverage. Not counting the awards made today, \$128,000,000 has been reimbursed to date. At the last board meeting the Board awarded almost a record amount of reimbursement money, \$2,008,000. There has been a sharp decrease this meeting to just under a million dollars that the Board has approved.

Mr. Cerruti stated that staff is presently in the process of reviewing and updating the Cost Guidelines. The last time we reviewed and brought them to the Board for approval was in 2001. There have been some addition of new tasks and some fixed item costs have changed. A workshop will be held for the public to attend so we may obtain comments regarding the Cost Guidelines. A final draft version will be presented to the Board for review and approval once we have incorporated those comments into the Guidelines. The time frame for presentation to the Board is possibly December 2006.

It was requested that the Board members receive notification of the public workshops. Mr. Cerruti explained that owners are notified of the workshops via e-mail. It was suggested by Chairman Bowman that a link be provided in the e-mail to the owner/operators regarding the workshop information.

Ms. Blystone requested to know how long the e-mail owner list has been in existence.

Mr. Cerruti reviewed upgrades to technology which provide better communication. He reported that approximately 70% of the owners have notified NDEP of their e-mail addresses. At this time the e-mail notification system is not yet fully operational. The goal is to possess the ability to quickly communicate with CEM and owner groups.

Chairman Bowman thanked the NDEP staff for their work on the web site. Mr. John Walker of NDEP was recognized for his outstanding job in web design. She stated that the NDEP web site is a valuable asset.

Mr. Cerruti expanded on an earlier question regarding the invoicing. He stated that: 1,425 facilities were invoiced; this included a total of 3,733 USTs and a total of 510 Above Ground Storage Tanks (ASTs). In all, 4,385 tanks were invoiced the \$100 per tank fee for a total amount of \$438,500. To date, 25% of the funds have been collected.

X. PUBLIC FORUM

There were no requests to speak presented.

XI. CONFIRMATION OF NEXT MEETING DATE

* It was confirmed that the next meeting date will be December 6, 2006.

Mr. Miller moved to adjourn the meeting. Ms. Blystone seconded the Motion. A short Discussion followed.

Chairman Bowman would like to thank Mr. Wright our new member, also Mr. Miller for his many years of service to this Board, NDEP, and to the citizens of the State of Nevada.

Motion carried unanimously.

XII. ADJOURNMENT

There being no further business, the meeting was adjourned at 10:31 a.m.

*** The confirmation of the next meeting on December 6, 2006 needed to be changed due to no venues being available. The next meeting will be held on December 5, 2006.**